

Message Text

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ACTION EUR-12

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TO SECSTATE WASH DC 7653

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E.O. 11652: N/A

TAGS: AORG, OECD, NATO

SUBJECT: 1974 GENERAL REVIEW OF SALARIES FOR THE
CO-ORDINATED ORGANIZATIONS

1. MISSION HAS BEEN PROVIDED ADVANCE COPY OF DRAFT
NOTE THAT SECRETARIES-GENERAL PLAN PRESENT AT NEXT CCG
MEETING JULY 2. MISSION COMMENTS FOLLOW IN SEPTTEL.

2. BEGIN QUOTE: GENERAL REVIEW OF SALARIES

1. IT IS WITH NO SMALL MEASURE OF DISAPPOINTMENT THAT
THE SECRETARIES-GENERAL HAVE WITNESSED CONSIDERABLE
CHANGES IN THE PROPOSALS THEY PUT FORWARD IN OCTOBER 1974
AND THAT AT ITS LAST MEETING ON 11TH AND 12TH JUNE 1975
THE CO-ORDINATING COMMITTEE OF GOVERNMENT BUDGET EXPERTS
WAS UNABLE TO REACH A FINAL AGREEMENT, THAT COULD BE
ACCEPTABLE TO THEM, ON THE STILL OUTSTANDING POINTS OF
THE GENERAL REVIEW OF SALARIES SCHEDULED TO TAKE EFFECT
FROM 1ST JULY 1974.

2. THE RESULTING UNREST OF THE STAFF OF THE CO-ORDINATED
ORGANIZATIONS IS FURTHER AGGRAVATED BY THE PROPOSALS
TO MAKE CHANGES IN THE PROCEDURES GOVERNING FUTURE
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ADJUSTMENTS, IN PARTICULAR IN RESPECT OF THE COST OF

LIVING, WHICH WOULD RESULT IN REDUCTIONS IN THE PURCHASING POWER OF THE STAFF.

3. THE PRESENT PROVISIONS FOR ADJUSTING THE REMUNERATION OF STAFF OF THE CO-ORDINATED ORGANIZATIONS (ANNEX VI OF THE 78TH REPORT OF THE CO-ORDINATING COMMITTEE (CCG(72)3) WERE ESTABLISHED ON THE UNDERSTANDING THAT THEY "SHOULD BE REVIEWED AS A WHOLE WITHIN THE 1974 GENERAL REVIEW ON THE GROUNDS THAT THE EEC PROCEDURE ON WHICH THE SECRETARIES-GENERAL (HAD) BASED THEIR OWN PROPOSAL TO A LARGE EXTENT (WERE) THEMSELVES OF A PROVISIONAL AND TENTATIVE NATURE" AND THAT THESE PROVISIONS COULD NOT THEREFORE CONSTITUTE A BASIS FOR ANY VESTED RIGHTS.

4. THE SECRETARIES-GENERAL ARE AWARE THAT THE EEC PROCEDURES ARE AT PRESENT BEING REVIEWED AND IT WOULD THEREFORE SEEM LOGICAL THAT, IN ACCORDANCE WITH THE STATEMENT QUOTED ABOVE FROM PARAGRAPH 34 OF THE 78TH REPORT, THE RELATED DECISION IN THE EUROPEAN COMMUNITIES SHOULD BE TAKEN INTO ACCOUNT WHEN NEW PROCEDURES ARE DEvised FOR THE CO-ORDINATED ORGANIZATIONS.

5. IN ANY CASE, THE SECRETARIES-GENERAL ARE OF THE OPINION THAT NO FUNDAMENTAL CHANGES IN THE ADJUSTMENT PROCEDURES SHOULD BE INTRODUCED BEFORE A THOROUGH STUDY BASED ON IRREFUTABLE ECONOMIC, TECHNICAL AND STATISTICAL EVIDENCE HAD BEEN CONDUCTED WITHIN THE CO-ORDINATED ORGANIZATIONS.

6. IN ORDER TO MAKE SUCH PROGRESS AS IS LIKELY TO LEAD TO A SATISFACTORY IMPLEMENTATION OF THE GENERAL REVIEW, THE SECRETARIES-GENERAL THEREFORE PROPOSE THAT:

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INFO OCT-01 ISO-00 L-03 AID-05 CEA-01 CIAE-00 COME-00

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(I) THE REVISED SALARY SCALES AND ALLOWANCES EFFECTIVE FROM 1ST JULY 1974 SHOULD BE APPROVED IMMEDIATELY FOR ALL CATEGORIES OF STAFF.

(II) AS ALREADY AGREED BY THE CO-ORDINATING COMMITTEE, ADJUSTMENTS FOR COST-OF-LIVING INCREASES WOULD BE GIVEN TO 1ST JULY 1975 INCLUSIVE.

(III) NO MAJOR CHANGE IN THE COST-OF-LIVING ADJUSTMENT PROCEDURES SHOULD BE INTRODUCED UNTIL SUCH TIME AS A SPECIAL WORKING GROUP, WHICH SHOULD BE SET UP, HAS REACHED CONCLUSIONS ON THE BASIS OF THE STUDY REFERRED TO IN PARAGRAPH 5 ABOVE. THE PRECISE TERMS OF REFERENCE AND THE COMPOSITION OF THE GROUP SHOULD BE DETERMINED NO LATER THAN THE CLOSING DAY OF THE NEXT MEETING OF THE CO-ORDINATING COMMITTEE. (THE CO-ORDINATING COMMITTEE WILL FIND, AT ANNEX, SUGGESTED TERMS OF REFERENCE AND COMPOSITION OF SUCH A WORKING GROUP.)

(IV) WITH EFFECT FROM 1ST JULY 1975, PENDING THE UNCLASSIFIED

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OUTCOME OF THIS STUDY, A 180-DAY DELAY WOULD BE OBSERVED, ON A PROVISIONAL BASIS, DURING WHICH NO SALARY ADJUSTMENT WOULD BE MADE EXCEPT IN CASES WHERE THE GAP BETWEEN THE INTERNATIONAL PRICE INDEX (OR THE NATIONAL PRICE INDEX IN THE COUNTRIES WHERE IT IS USED) AND THE INDEX OF SALARIES DETERMINED ON THE BASIS OF 1ST JULY 1974, EXCEEDS 8 POINTS.

(V) A DEADLINE WOULD BE GIVEN FOR THIS GROUP TO MAKE OUT A REPORT ON ITS CONCLUSIONS. IT IS ESTIMATED THAT THE REPORT SHOULD BE AVAILABLE BY 31ST OCTOBER 1975 AT THE LATEST.

ON THE BASIS OF THE CONCLUSIONS OF THE WORKING

GROUP, THE CO-ORDINATING COMMITTEE WOULD REPORT TO
COUNCILS BY 30TH NOVEMBER 1975 ON THE NEW PROCEDURES
WHICH WOULD TAKE EFFECT RETROACTIVELY TO COVER THE
PERIOD FOLLOWING THE ADJUSTMENT, REFERRED TO IN PARA-
GRAPH (II) ABOVE, TO BE GRANTED ON 1ST JULY 1975.END
QUOTE.
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